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C O N F I D E N T I A L SECTION 01 OF 02 BRASILIA 001018

SIPDIS

E.O. 12958: DECL: 04/13/2015

TAGS: [PGOV](#) [CVIS](#) [PINR](#) [PREL](#) [SOCI](#) [BR](#)

SUBJECT: AMBASSADOR MEETS WITH BRAZILIAN CONGRESSIONAL LEADERS

REF: BRASILIA 767

Classified By: CLASSIFIED BY POLOFF RICHARD REITER, FOR 1.4B AND 1D.

1. (C) SUMMARY. On April 12, Ambassador Danilovich met with the new Speaker of the Brazilian Chamber of Deputies, Severino Cavalcanti, who --in his two months leading the lower house of Congress-- has butted heads with the Lula administration and entertained the press with his untailored style. Cavalcanti described his participation in the Brazilian delegation to the Pope's funeral and asked for assistance funds for his home state. Later, the Ambassador hosted five key Brazilian Senators at dinner. Among the topics raised was the possibility of eliminating the visa requirement for US visitors to Brazil. END SUMMARY.

SEVERINO CAVALCANTI

2. (C) On April 12, Ambassador Danilovich paid a courtesy call on Severino Cavalcanti, who in February defeated Lula's preferred candidate to become Speaker of the Brazilian Chamber of Deputies after a long and undistinguished career in state and federal politics. Cavalcanti has raised eyebrows over the past two months with his failed effort to boost Congressional salaries, his artless defense of nepotism (he has secured public sector jobs for nine relatives), and his squabbles with President Lula designed to demonstrate that Congress will be more independent of the administration in the future (reftel).

POPE'S FUNERAL "TOUCHED ALL WHO WERE THERE"

3. (C) Cavalcanti explained that the poster-sized photo over his desk of himself with Pope John Paul II was taken in 2001 when he visited Rome as part of a group "in defense of the family". Cavalcanti, who joined President Lula and the Brazilian delegation at the Pope's funeral, noted that the funeral "touched all who were there", adding that he was delighted by the presence of so many young people in Rome. The Speaker, a conservative from the right-of-center Progressive Party (PP), explained that he believes Brazil and the US are "natural allies" regardless of the government in power. Known for his patronage style of local politics, Cavalcanti pointed out that his home state of Pernambuco and the entire northeast of Brazil are subject to "great poverty" and would welcome US investments. He returned to this theme several times during the conversation and offered to draw up a list of organizations that could be funded by the embassy or US investors in support of Pernambuco's economic development.

FOREIGN AND DOMESTIC POLITICS

4. (C) Turning to Brazilian politics, Cavalcanti noted that he believes Lula will be elected to a second term in 2006, and that he will vote for him, despite defeating Lula's preferred candidate in the maneuvering to become Speaker. He insisted that Congress will be independent of the Lula administration over the next two years. Regarding foreign policy, he explained that developed countries must be more attentive to how their policies (import barriers, for example) affect the economies of developing nations. The Ambassador agreed, noting that the US is working --through FTAA and WTO-- to address these issues. The Speaker pointed out that developing micro- and small businesses is a good strategy for Brazil's development, which is why he killed an administration bill that would have raised taxes on the agriculture and service sectors. This defeat, he said, will sensitize Lula to the fact that development must come through increased productivity rather than higher taxes.

AN UNSOPHISTICATED MAN

5. (C) Cavalcanti is not a sophisticated man and does not strike a visitor as a deep thinker. His 74 years may be taking their toll, as his notes were prepared in oversized fonts and a few times he had trouble hearing the Ambassador's comments. He is mentally sharp and self-confident, and he became notably more voluble on topics with which he is intimately familiar (such as why he killed Lula's tax bill). His inner office is spartan, adorned with the large photo of the Pope, a dusty STU-III telephone, and a shelf of carved wooden images of Catholic saints. He was joined at the meeting by his international affairs advisor --a Foreign

Ministry secondees who studiously took notes and offered occasional translation-- and his long-time Chief-of-Staff who hovered nearby. Although he has said in interviews that he has not read a book or been to the movies in many years, Cavalcanti accepted the Ambassador's gift of a book of Abraham Lincoln's speeches gracefully. He said he was inspired at age thirteen when he read a book about Lincoln's personal story. "Lincoln gave me my ambition", he said. "I'll read these speeches and I hope they will give me a better public voice."

DINNER WITH THE SENATORS

16. (C) Also on April 12, the Ambassador hosted five key Brazilian Senators at dinner: current Senate President Renan Calheiros (PMDB); former Senate President Jose Sarney (PMDB); Tasso Jereissati of Ceara (PSDB); Paulo Octavio of Brasilia (PFL); and Eduardo Azeredo of Minas Gerais (PSDB). Calheiros became Senate President in February after winning a tough battle against Sarney, who wanted to remain in that post for two more years. The two have reconciled and together lead the pro-Lula wing of the divided PMDB party. It was interesting to note how deferential Calheiros is to Sarney, 72, who was Brazil's President in 1985-1990 and remains a powerful kingmaker with great influence in several parties and states. Calheiros is savvy and competent in his own right, but often glanced at Sarney while making comments or invited the former President to add further remarks. Sarney, who always positions himself on the side of the government in power, said that he will continue to support Lula, who he believes will be reelected in 2006.

A PUSH FOR VISA EXEMPTIONS FOR US VISITORS

17. (C) Senator Paulo Octavio announced that he is sponsoring a bill to exempt US visitors to Brazil from having to obtain Brazilian visas, and says he has support on the floor. He recognizes that the US will not be able to reciprocate, but believes that attracting more US tourists and investors to Brazil will provide economic benefits that far outweigh the value of strict adherence to a reciprocal visa regime. When the Ambassador pointed out that Brazil's notoriously protocol-conscious Foreign Ministry ("Itamaraty") will likely oppose his measure, Octavio snorted, "Itamaraty will do what Congress tells them". A Foreign Ministry representative (Sen. Calheiros' International Affairs Advisor) was at the dinner and, indeed, expressed opposition. He stated, with visible frustration (and incorrectly), that he is not aware of any instances where the US does not insist on reciprocity, i.e., where a country allows US visitors to enter without visas while the US requires visas of that country's citizens. (Note, in fact the list of such countries is long and includes, inter alia, most of Latin America. Post will provide this list to the Senators.) Clearly, the Foreign Ministry will be an obstacle to Sen. Octavio's efforts.

18. (C) But Octavio is not alone. Separately, Embaffs met on April 13 with Federal Deputy Carlos Cadoca, who hails from tourist-friendly Recife and is pushing a bill similar to Sen. Octavio's to exempt US visitors from Brazilian visa requirements. Cadoca's bill is in committee, and he told us that he is facing stiff resistance from Lula's Workers' Party in Congress. He plans to hold public hearings in the coming weeks in order to publicize the economic benefits his bill would bring. But Cadoca noted that Itamaraty is not alone in resisting a unilateral visa exemption for US visitors. Many Brazilians, he said, are persuaded that US consular and immigration authorities do not like Brazilians and treat them poorly. This attitude will complicate passage of his bill. It is far too early to say whether these proposals can be implemented, but we will remain in close touch with Sen. Octavio and Deputy Cadoca as their bills move forward.

DANILOVICH